



THE WHITLOCK CO.

*CPAs and Consultants*

**UNITED WAY OF THE OZARKS, INC.**

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**FINANCIAL STATEMENTS  
with  
INDEPENDENT AUDITOR'S REPORT  
YEAR ENDED JUNE 30, 2020 AND 2019**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
United Way of the Ozarks, Inc.  
Springfield, Missouri

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **United Way of the Ozarks, Inc.** (United Way), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **United Way of the Ozarks, Inc.** as of June 30, 2020 and 2019, and the change in its net assets and its cash flow for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 14 to the financial statements, the 2019 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

## **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Agency Allocations, Schedule of Special Allocations, and Historical Information Loss on Collections are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "THE WHITLOCK CO., LLP". The signature is written in a cursive, slightly slanted style.

Springfield, Missouri  
November 7, 2020

**STATEMENTS OF FINANCIAL POSITION**

**UNITED WAY OF THE OZARKS, INC.**

**STATEMENTS OF FINANCIAL POSITION**

ASSETS

	June 30,	
	2020	2019
		Restated
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,203,356	\$ 403,082
Short-term investments	156,597	154,907
Pledge receivables		
Current campaign, net	466	3,332
Prior campaign, net	898,439	941,234
Prepaid expenses	10,918	6,089
Other receivables	1,543	16,738
Total current assets	2,271,319	1,525,382
<b>Non-current</b>		
Cash surrender value of life insurance policy	34,085	33,921
Long-term investments	11,359	464,841
Fixed assets, net	183,053	171,189
Total non-current assets	228,497	669,951
<b>Total assets</b>	<b>\$ 2,499,816</b>	<b>\$ 2,195,333</b>

LIABILITIES AND NET ASSETS

<b>Current liabilities</b>		
Accounts payable	\$ 10,747	\$ 64,000
Accrued salaries	11,657	12,757
Accrued vacation	13,699	15,278
Deferred credits	39,070	25,000
Total liabilities	75,173	117,035
<b>Long-term debt</b>		
SBA Paycheck Protection Program	108,900	-
Total long-term debt	108,900	-
<b>Net assets</b>		
<b>Without donor restriction</b>		
Undesignated	(286,022)	(964,243)
Board designated	11,359	464,841
Total without donor restriction	(274,663)	(499,402)
<b>With donor restriction</b>	<b>2,590,406</b>	<b>2,577,700</b>
Total net assets	2,315,743	2,078,298
<b>Total liabilities and net assets</b>	<b>\$ 2,499,816</b>	<b>\$ 2,195,333</b>

The accompanying notes are an integral part of these financial statements.

**STATEMENTS OF ACTIVITIES**

UNITED WAY OF THE OZARKS, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019 (restated)		
	Without donor restriction	With donor restriction	Total	Without donor restriction	With donor restriction	Total
<b>Revenue and other support</b>						
<b>Campaign - current allocation period</b>						
Contributions received	\$ -	\$ 2,288,306	\$ 2,288,306	\$ -	\$ 2,502,120	\$ 2,502,120
Contributions received - released from restrictions	2,368,192	(2,368,192)	-	2,496,926	(2,496,926)	-
Less donor designations	-	-	-	-	(200,764)	(200,764)
Less allowance for uncollectible pledges	53,125	(153,516)	(100,391)	(56,039)	(157,879)	(213,918)
<b>Total campaign - current period</b>	<u>2,421,317</u>	<u>(233,402)</u>	<u>2,187,915</u>	<u>2,440,887</u>	<u>(353,449)</u>	<u>2,087,438</u>
<b>Campaign - next allocation period</b>						
Contributions received	-	148,461	148,461	-	42,572	42,572
<b>Total campaign - next allocation period</b>	<u>-</u>	<u>148,461</u>	<u>148,461</u>	<u>-</u>	<u>42,572</u>	<u>42,572</u>
<b>Total campaign</b>	2,421,317	(84,941)	2,336,376	2,440,887	(310,877)	2,130,010
Grants	-	216,642	216,642	-	-	-
Sponsorships	2,000	20,000	22,000	7,100	-	7,100
Contributions	10,500	121,646	132,146	-	3,645	3,645
Miscellaneous income	7,675	(4,904)	2,771	37,721	311,037	348,758
Unrealized gain on designated quasi-endowments	-	-	-	12,118	-	12,118
Interest and dividends from designated quasi-endowments	10,946	230	11,176	10,840	141	10,981
Interest and dividends from investments	21,477	711	22,188	12,471	1,038	13,509
Transfer (to) from other funds	-	-	-	(80,316)	80,316	-
Service fee income	131,680	-	131,680	132,799	-	132,799
In-kind contributions	500	-	500	484	-	484
Release from restriction	256,678	(256,678)	-	273,047	(273,047)	-
<b>Total revenue and other support</b>	\$ 2,862,773	\$ 12,706	\$ 2,875,479	\$ 2,847,151	\$ (187,747)	\$ 2,659,404

(continued)

The accompanying notes are an integral part of these financial statements.

**UNITED WAY OF THE OZARKS, INC.**

**STATEMENTS OF ACTIVITIES**

**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

(continued)

	2020			2019 (restated)		
	Without donor restriction	With donor restriction	Total	Without donor restriction	With donor restriction	Total
<b>Total revenue and support</b>	\$ 2,862,773	\$ 12,706	\$ 2,875,479	\$ 2,847,151	\$ (187,747)	\$ 2,659,404
<b>Expenses</b>						
<b>Program services</b>						
Community investment	1,870,229	-	1,870,229	1,616,464	-	1,616,464
Labor	21,710	-	21,710	26,808	-	26,808
Public relations	53,534	-	53,534	96,752	-	96,752
United Way projects	115,401	-	115,401	256,516	-	256,516
<b>Total program services</b>	<u>2,060,874</u>	<u>-</u>	<u>2,060,874</u>	<u>1,996,540</u>	<u>-</u>	<u>1,996,540</u>
<b>Support services</b>						
Fundraising	190,536	-	190,536	280,840	-	280,840
Management and general	386,624	-	386,624	384,653	-	384,653
<b>Total support services</b>	<u>577,160</u>	<u>-</u>	<u>577,160</u>	<u>665,493</u>	<u>-</u>	<u>665,493</u>
<b>Total expenses</b>	2,638,034	-	2,638,034	2,662,033	-	2,662,033
<b>Change in net assets</b>	224,739	12,706	237,445	185,118	(187,747)	(2,629)
<b>Net assets - beginning of period</b>	<u>(499,402)</u>	<u>2,577,700</u>	<u>2,078,298</u>	<u>(684,520)</u>	<u>2,765,447</u>	<u>2,080,927</u>
<b>Net assets - end of period</b>	<u>\$ (274,663)</u>	<u>\$ 2,590,406</u>	<u>\$ 2,315,743</u>	<u>\$ (499,402)</u>	<u>\$ 2,577,700</u>	<u>\$ 2,078,298</u>

The accompanying notes are an integral part of these financial statements.



**UNITED WAY OF THE OZARKS, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020**

	<b>PROGRAM SERVICES</b>					<b>SUPPORT SERVICES</b>		<b>Totals</b>
	Community Investment	Labor	Public Relations	Grants and Contracts	Total Program Services	Fundraising	Management and General	
Salaries and related expenses	\$ 146,724	\$ 16,178	\$ 32,966	\$ 51,529	\$ 247,397	\$ 138,520	\$ 287,748	\$ 673,665
Professional fees	6,012	921	774	6,530	14,237	4,654	26,068	44,959
Supplies and materials	2,386	641	2,139	8,827	13,993	6,338	7,257	27,588
Telephone	1,906	304	318	147	2,675	2,490	4,967	10,132
Occupancy	4,972	747	846	797	7,362	4,788	9,142	21,292
Insurance	1,043	135	137	3	1,318	792	2,669	4,779
Printing and publications	43	53	9,778	2	9,876	56	53	9,985
Local travel	192	53	54	21	320	2,732	294	3,346
Trainings	1,106	25	298	8,162	9,591	3,933	625	14,149
Educational programming	1,838	44	321	4,186	6,389	1,839	1,693	9,921
Membership dues	1,605	966	1,603	123	4,297	3,545	1,756	9,598
Equipment maintenance	1,103	107	75	32	1,317	6,033	5,250	12,600
Annual meeting	-	-	729	-	729	-	-	729
Public education	14,787	10	26	11,244	26,067	54	42	26,163
Contractual services	31	3	1,645	23,143	24,822	581	1,613	27,016
Miscellaneous expenses	106	21	17	299	443	66	7,148	7,657
Gain/loss on disposal of assets	-	-	-	-	-	-	6,105	6,105
United Way Worldwide dues	8,101	1,029	1,132	356	10,618	5,833	11,017	27,468
Special allocations	16,344	-	-	-	16,344	-	-	16,344
In-kind expenditures	-	-	-	-	-	-	500	500
<b>Total expenses before depreciation and other expenses</b>	<b>208,299</b>	<b>21,237</b>	<b>52,858</b>	<b>115,401</b>	<b>397,795</b>	<b>182,254</b>	<b>373,947</b>	<b>953,996</b>
Depreciation of fixed assets	11,697	473	676	-	12,846	8,282	12,677	33,805
<b>Total expenses before other expenses</b>	<b>219,996</b>	<b>21,710</b>	<b>53,534</b>	<b>115,401</b>	<b>410,641</b>	<b>190,536</b>	<b>386,624</b>	<b>987,801</b>
Agency allocation	<u>1,650,233</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,650,233</u>	<u>-</u>	<u>-</u>	<u>1,650,233</u>
<b>Total expenses</b>	<b><u>\$ 1,870,229</u></b>	<b><u>\$ 21,710</u></b>	<b><u>\$ 53,534</u></b>	<b><u>\$ 115,401</u></b>	<b><u>\$ 2,060,874</u></b>	<b><u>\$ 190,536</u></b>	<b><u>\$ 386,624</u></b>	<b><u>\$ 2,638,034</u></b>

The accompanying notes are an integral part of these financial statements.

**UNITED WAY OF THE OZARKS, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019**

	<b>PROGRAM SERVICES</b>				<b>SUPPORT SERVICES</b>			<b>Totals Restated</b>
	<b>Community Investment Restated</b>	<b>Labor</b>	<b>Public Relations</b>	<b>United Way Projects</b>	<b>Total Program Services Restated</b>	<b>Fundraising</b>	<b>Management and General</b>	
Salaries and related expenses	\$ 121,642	\$ 21,014	\$ 46,393	\$ 127,986	\$ 317,035	\$ 200,141	\$ 297,700	\$ 814,876
Professional fees	3,704	544	935	42,522	47,705	7,155	26,419	81,279
Supplies and materials	2,439	354	1,188	25,227	29,208	9,522	6,521	45,251
Telephone	1,831	292	399	-	2,522	3,305	6,109	11,936
Occupancy	7,099	1,249	1,808	-	10,156	11,500	12,242	33,898
Insurance	842	148	216	-	1,206	1,339	1,126	3,671
Printing and publications	207	124	8,924	616	9,871	3,679	377	13,927
Local travel	163	95	197	457	912	3,219	1,034	5,165
Trainings	1,203	43	127	459	1,832	7,660	375	9,867
Educational programming	2,446	42	410	3,970	6,868	2,636	2,193	11,697
Membership dues	2,471	736	2,793	-	6,000	1,933	2,703	10,636
Equipment maintenance	522	76	90	44	732	4,341	3,670	8,743
Annual meeting	-	-	14,371	-	14,371	-	-	14,371
Public education	21,105	1	1,539	20,772	43,417	39	4	43,460
Contractual services	458	110	13,056	34,281	47,905	3,089	2,160	53,154
Miscellaneous expenses	238	48	140	182	608	507	3,063	4,178
United Way Worldwide dues	7,762	1,119	1,235	-	10,116	12,261	6,812	29,189
Special allocations	61,581	-	-	-	61,581	-	-	61,581
In-kind expenditures	-	-	-	-	-	-	484	484
<b>Total expenses before depreciation and other expenses</b>	<b>235,713</b>	<b>25,995</b>	<b>93,821</b>	<b>256,516</b>	<b>612,045</b>	<b>272,326</b>	<b>372,992</b>	<b>1,257,363</b>
Depreciation of fixed assets	7,369	813	2,931	-	11,113	8,514	11,661	31,288
<b>Total expenses before other expenses</b>	<b>243,082</b>	<b>26,808</b>	<b>96,752</b>	<b>256,516</b>	<b>623,158</b>	<b>280,840</b>	<b>384,653</b>	<b>1,288,651</b>
Agency allocation	1,334,740	-	-	-	1,334,740	-	-	1,334,740
Prior year allocation adjustment	38,642	-	-	-	38,642	-	-	38,642
<b>Total expenses</b>	<b>\$ 1,616,464</b>	<b>\$ 26,808</b>	<b>\$ 96,752</b>	<b>\$ 256,516</b>	<b>\$ 1,996,540</b>	<b>\$ 280,840</b>	<b>\$ 384,653</b>	<b>\$ 2,662,033</b>

The accompanying notes are an integral part of these financial statements.

**UNITED WAY OF THE OZARKS, INC.**

**STATEMENTS OF CASH FLOWS**

	Years ended June 30,	
	2020	2019
		Restated
<b>Cash flows from operating activities</b>		
Campaign contributions - current period	\$ 2,233,576	\$ 2,155,220
Campaign contributions - next allocation period	148,461	42,572
Federal and state grants	230,712	26,009
Program income	22,000	276,140
Contributions	132,146	-
Miscellaneous income	150,146	230,798
Interest income	33,364	24,490
Direct payments to agencies	(1,650,233)	(1,373,382)
Salaries and related expenditures	(676,344)	(811,466)
Other operating expenditures	<u>(338,577)</u>	<u>(437,612)</u>
 Net cash provided by operating activities	 <u>285,251</u>	 <u>132,769</u>
 <b>Cash flows from investing activities</b>		
Purchase of fixed assets	(45,669)	(14,954)
Purchase of investments	(12,812)	(44,598)
Sale of investments	<u>464,604</u>	<u>12,924</u>
 Net cash provided by (used in) investing activities	 <u>406,123</u>	 <u>(46,628)</u>
 <b>Cash flows from financing activities</b>		
Issuance of long-term debt	<u>108,900</u>	<u>-</u>
 Net cash provided by financing activities	 <u>108,900</u>	 <u>-</u>
 <b>Increase in cash and cash equivalents</b>	 800,274	 86,141
 <b>Cash and cash equivalents at beginning of period</b>	 <u>403,082</u>	 <u>316,941</u>
 <b>Cash and cash equivalents at end of period</b>	 <u>\$ 1,203,356</u>	 <u>\$ 403,082</u>

(continued)

The accompanying notes are an integral part of these financial statements.

**UNITED WAY OF THE OZARKS, INC.**

**STATEMENTS OF CASH FLOWS**

(continued)

	<u>Years ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
<b>Reconciliation of change in net assets to net cash provided by operating activities</b>		
Change in net assets	\$ 237,445	\$ 36,013
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	33,805	31,287
Unrealized gain on designated quasi-endowments	-	(12,118)
Decrease (increase) in:		
Pledges receivable	45,661	67,782
Accounts receivable	15,195	15,161
Prepaid expenses	(4,829)	3,736
Increase (decrease) in:		
Accounts payable	(53,417)	1,140
Accrued salaries	(1,100)	3,102
Accrued vacation payable	(1,579)	308
Deferred revenue	14,070	25,000
Due to other agencies	-	(38,642)
<b>Net cash provided by operating activities</b>	<u>\$ 285,251</u>	<u>\$ 132,769</u>

The accompanying notes are an integral part of these financial statements.

**UNITED WAY OF THE OZARKS, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

**1. Summary of significant accounting policies**

Nature of activities

**United Way of the Ozarks, Inc.** (United Way) was incorporated October 27, 1930 as an independently operated non-profit corporation whose mission is improving lives in the Ozarks by raising funds and uniting community support around our communities' critical needs and red flags in 14 counties in Southwest Missouri. United Way develops financial resources through an annual community-based resource development effort soliciting employee and corporate donations from businesses, health and education institutions, public service agencies, and organized labor. The development of financial resources from individuals, governmental and foundation sources, and the recruitment and mobilization of volunteers is also a core function of United Way.

United Way also has a lead role in the assessment of local community needs and develops an annual volunteer-driven investment plan to direct its resources to address critical issues. United Way is not a unit or chapter of any national organization. United Way is governed by a volunteer Board of Directors that hires and employs professional staff to carry out the day-to-day operations of the organization. Election of the board occurs at the annual meeting upon nomination by a standing committee from the board.

Promises to give

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions are reported either in the without donor restriction net asset class, or the with donor restriction net asset class. United Way reports all contributions that are restricted by donor in the with donor restriction net asset class. When the restriction expires, the with donor restriction net assets are reclassified to the without donor restriction net asset class.

If a restriction expires in the same fiscal year as the contribution is received, the contribution is reported in the without donor restriction class.

Amounts from the fall campaign are due within one year. Often the completion of campaign collections is not until early in the following year. However, since pledges are actually due within one year, the amounts have not been discounted to present value, as any difference due to present value calculations is deemed insignificant.

United Way uses the allowance method to estimate uncollectible pledges receivable. The allowance estimate is based on prior years' collection experience.

Basis of accounting

Revenues and expenditures are recognized on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when both measurable and available. Expenditures under the accrual basis of accounting are recorded when the liability is incurred.

### Financial statement presentation

United Way's financial statements are presented in accordance with Financial Accounting Standards Board (FASB) *Codification Topic 958*, "Not-For-Profit Entities." Under FASB *Codification Topic 958*, the United Way reports information regarding its financial position and activities according to two classes of net assets: with donor restriction and without donor restriction. The classification of net assets into two categories is based on the existence or absence of donor-imposed restrictions, stipulations that specify a use for a contributed asset that is more specific than broad limits resulting from United Way's basic mission and environment in which it operates.

The FASB issued *ASU 2016-14 Presentation of Financial Statements for Not-for-Profit Entities*, (*ASU 2016-14*) in August 2016. *ASU 2016-14* improves the current net asset classification requirements and the information presented in the financial statements and notes about United Way's liquidity, financial performance, and cash flows.

### Reclassification

Certain accounts relating to the prior year have been reclassified to conform with the current year's presentation. Such reclassification had no effect on net assets.

### Contributions

In accordance with the requirements of FASB *Codification Topic 958*, United Way records its current year pledges receivable in the net assets with donor restriction classification until they are released from restrictions, when they are reclassified to net assets without donor restriction.

### Cash and cash equivalents

For purposes of the statement of cash flows, United Way considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

### Property and equipment

Property and equipment are stated at cost or at their fair market value if donated and are reported in the without donor restriction net asset class. All long-lived assets with a cost, or fair market value if donated, of \$1,000 or greater are capitalized and depreciated. Depreciation is computed on a straight-line basis over the useful life of the asset, typically 3-10 years for furniture and equipment.

### Functional expenses

United Way allocates its expenses on a functional basis among its various programs and support services, and is committed to complying with United Way Worldwide cost reduction standards. Expenses that can be identified with a specific program (i.e. agency allocations) are allocated directly according to their natural expenditure classification. Various statistical basis allocate other expenses that are common to several functions.

The principal programs of United Way, as reported on the functional expense statement are as follows:

Community Investment

Community investment includes all direct payments to community providers, as well as regular allocations to agencies and initiatives funded by United Way. Partner agencies normally receive monthly allocations from United Way.

Labor

Included in the labor program are all the costs associated with the labor contract maintained with the labor community. United Way recognizes that many donations are from the labor community; therefore, one of the positions at United Way provides a liaison with that group. This program area accounts for all costs associated with the maintenance of that liaison position.

Public relations

Public relations includes expenses related to United Way public relations in general.

United Way projects

United Way includes in its project function all costs associated with the grant programs conducted under its auspices. The primary focus of these projects is to facilitate and promote community problem-solving by coordinating and developing all available resources for the betterment of the community and its people.

The principal support services of United Way, as reported on the functional expense statement are as follows:

Fundraising

Fundraising includes those costs associated with conducting the annual campaign.

Management and general

Management and general includes all costs relating to maintaining the offices and support staff of United Way.

### Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Tax-exempt status

United Way is a non-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986. United Way is not a private foundation.

### Uncertainty in income taxes

Generally Accepted Accounting Principles prescribe a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and also provides guidance on various related matters such as the position United Way has taken that the organization is exempt from income taxes.

United Way's income tax filings are subject to audit by various taxing authorities. United Way's open tax audit periods are 2017 through 2020. In evaluating United Way's tax positions, interpretations and tax planning strategies are considered. United Way believes their estimates are appropriate based on current facts and circumstances.

### Recent accounting pronouncements

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, (ASU 2014-09) which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. This guidance will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The new standard is effective for fiscal years beginning after December 15, 2019. The standard permits the use of either the retrospective or modified-retrospective transition method. United Way is evaluating the effect that ASU 2014-09 will have on its financial statements.

In February 2016, the FASB issued ASU 2016-02 *Leases*. ASU 2016-02 requires recognition of the assets and liabilities that arise from leases. The new standard is effective for fiscal years beginning after December 15, 2021. United Way is currently evaluating the effect that implementation of the new standard will have on its statement of financial position, statement of activities, and cash flows.

The FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*, in June 2016. Its implementation will result in a new Accounts Receivable loss accounting framework, also known as the current expected credit loss (CECL) model. CECL requires credit losses expected throughout the life of the asset to be recorded at the time of origination. Under the current incurred loss model, losses are recorded when it is probable that a loss event has occurred. The new standard will require significant operational changes, especially in data collection and analysis. The ASU is effective for interim and annual periods after December 15, 2022, and is expected to increase the allowance upon adoption. United Way is assessing the standard and is in the process of reviewing the capability of its systems and processes to support the data collection and retention required to implement the new standard.



## 2. Investments

Investments at June 30, 2020 and 2019 consist of the following:

	June 30, 2020		
	<u>Amount</u>	<u>Rate</u>	<u>Maturity</u>
Certificates of Deposit			
Guaranty Bank	\$ 51,424	1.76%	11/29/20
Great Southern Bank	<u>105,173</u>	1.76%	10/21/20
Total Certificates of Deposit	156,597		
Community Foundation	<u>11,359</u>		
Total investments	<u>\$ 167,956</u>		
	June 30, 2019		
	<u>Amount</u>	<u>Rate</u>	<u>Maturity</u>
Depository			
Certificates of Deposit			
Springfield First Community Bank	\$ 50,843	2.25%	11/29/19
Great Southern Bank	<u>104,064</u>	1.81%	01/21/20
Total Certificates of Deposit	154,907		
Community Foundation	123,078		
Central Trust and Investment Co.	<u>341,763</u>		
Total investments	<u>\$ 619,748</u>		

Cost basis for United Way investments held with Community Foundation was \$11,359 and \$96,778 at June 30, 2020 and 2019, respectively. A portion of the funds held by the Community Foundation have been designated by the board as a quasi-endowment fund and is carried at market value based on information provided by Community Foundation.

The investments in Central Trust and Investment Co. have been designated by the board as a quasi-endowment fund and is carried at market value based on information provided by Central Trust and Investment Co. The cost basis of this investment at June 30, 2020 and 2019 was \$0 and \$293,866, respectively. United Way closed their Central Trust and Investment Co. account during the year ended June 30, 2020.

During the year ended June 30, 2020 and 2019, the unrealized gains on all investments totaled \$0 and \$12,118, respectively.

During the year ended June 30, 2020 and 2019, interest and dividends on all investments listed above and the operating account totaled \$33,364 and \$24,490, respectively.

### 3. Pledge receivables

Pledges to the United Way campaign are due within one year as the campaign is conducted on an annual basis. United Way writes remaining pledge receivables off the books after two years. Pledge receivables from the prior year campaign are presented in the net assets without donor restriction fund since the time restrictions on the use of the funds have expired. Pledge receivables from the campaign conducted in the fall of 2020 (2019) are reported in the net assets with donor restriction class since the cash flows from those receivables are to be used in the following year - 2021 (2020). The amounts receivable for the two campaigns, as well as their related allowances for uncollectible pledges at June 30, 2020 and 2019, are as follows:

	<u>June 30, 2020</u>		
	Without donor restriction 2018 campaign	Without donor restriction 2019 campaign	With donor restriction 2020 campaign
Pledge receivables	\$ 120,123	\$ 1,051,955	\$ 466
Less: allowance for uncollectible pledges	<u>(120,123)</u>	<u>(153,516)</u>	<u>-</u>
Pledge receivables, net	<u>\$ -</u>	<u>\$ 898,439</u>	<u>\$ 466</u>
	<u>June 30, 2019</u>		
	Without donor restriction 2017 campaign	Without donor restriction 2018 campaign	With donor restriction 2019 campaign
Pledge receivables	\$ 270,976	\$ 1,053,511	\$ 3,332
Less: allowance for uncollectible pledges	<u>(225,374)</u>	<u>(157,879)</u>	<u>-</u>
Pledge receivables, net	<u>\$ 45,602</u>	<u>\$ 895,632</u>	<u>\$ 3,332</u>

#### 4. Cash surrender value of life insurance policy

In December 2004, United Way received a donation of a life insurance policy in which the organization was the designated beneficiary. The United Way began paying the annual premiums in fiscal year 2004. The cash surrender value of the life insurance policy at June 30, 2020 and 2019 was \$34,085 and \$33,921, respectively.

#### 5. Fixed assets

Buildings, furniture and equipment are stated at cost or fair market value, if donated, and are written off on a straight-line basis over a period as explained in Note 1. Gross value and accumulated depreciation at June 30, is as listed:

<u>Description</u>	<u>2020</u>	<u>2019</u>
Furniture and equipment	\$ 90,140	\$ 90,140
Computer software	22,125	22,125
Leasehold improvements	<u>296,218</u>	<u>250,549</u>
Total fixed assets	408,483	362,814
Less accumulated depreciation	<u>(225,430)</u>	<u>(191,625)</u>
Total fixed assets, net	<u>\$ 183,053</u>	<u>\$ 171,189</u>

Additions to each asset class are described below:

<u>Description</u>	<u>2020</u>	<u>2019</u>
Equipment	\$ -	\$ 5,928
Software	\$ -	\$ 3,000
Building improvements	\$ 45,669	\$ 6,027

Depreciation expense for the year ended June 30, 2020 and 2019 was \$33,805 and \$31,287, respectively.

**6. SBA Paycheck Protection Program**

The SBA Paycheck Protection Program at June 30 consists of the following:

	<u>2020</u>	<u>2019</u>
Paycheck Protection Program note payable to Guaranty Bank at an interest rate of 1.00%, due in one installment in April 2022.	\$ 108,900	\$ -
Total SBA Paycheck Protection Program	<u>\$ 108,900</u>	<u>\$ -</u>

Maturity of long-term debt are as follows:

Year ending June 30:	
2021	\$ -
2022	108,900
2023	-
2024	-
2025	-
	<u>\$ 108,900</u>

The Paycheck Protection Program is a loan designed to provide a direct incentive for small businesses to keep their workers on payroll. The Small Business Administration will forgive the loan if all employee retention criteria are met and the funds are used for eligible expenses. United Way expects this loan to be forgiven.

**7. Net assets**

Net assets without donor restriction can be classified as undesignated or board designated. Board designated net assets without donor restriction are those assets which have been designated by the United Way board for use in specific projects.

Net assets with donor restriction are those assets which have been provided by donors for use in specific projects and/or for use in a specific time period. Those funds are held in the net assets with donor restriction class until expended.

The net asset with donor restriction balance relates primarily to the United Way campaign. Moneys raised in the fall of each year are designated through the campaign to support the agencies and United Way administration during the coming year. Therefore, at each year-end, the entire campaign, less the related allowance for doubtful accounts and less allocations to agencies for the coming year which were approved by the Board of Directors prior to year-end, resides in the net assets with donor restriction classification. That restriction will be lifted, and reclassification entries made to the net assets with donor restriction class as receipts are collected and expenditures made during the following year.

Because United Way approved all agency allocations for the coming six months prior to each year-end, reclassification entries, expense entries, and corresponding liabilities for agency allocations for the coming year are entered at the time of board approval.

Net assets without donor restriction and net assets with donor restriction are available for the following purposes at June 30:

<u>Net assets without donor restriction</u>	<u>2020</u>	<u>2019</u>
		Restated
Undesignated	\$ (286,022)	\$ (964,243)
Board designated	<u>11,359</u>	<u>464,841</u>
Total net assets without donor restriction	<u>\$ (274,663)</u>	<u>\$ (499,402)</u>
<u>Net assets with donor restriction</u>	<u>2020</u>	<u>2019</u>
Time restriction		
Campaign funds for use in 2020 (2019)	\$ 2,283,251	\$ 2,368,192
Purpose restriction		
United Way donor restricted	246,696	149,760
Entrepreneurial fund	<u>60,459</u>	<u>59,748</u>
Total net assets with donor restriction	<u>\$ 2,590,406</u>	<u>\$ 2,577,700</u>
Total net assets	<u>\$ 2,315,743</u>	<u>\$ 2,078,298</u>

#### **8. Contributed services and materials**

During the year ended June 30, 2020, there were no material contributed services meeting the requirements for recognition in the financial statements outlined in *FASB Codification Topic 958*. Often, materials are donated to United Way from various sources and then passed on to the member agencies. These amounts were booked as revenue and expense for the period. In addition, program materials in the amount of \$500 and \$484 were recorded as revenue and expense for United Way projects for the years ended June 30, 2020 and 2019, respectively.

#### **9. Retirement plan**

United Way participates in a defined contribution retirement plan covering all employees who have completed one year of service at United Way or another qualifying organization. This plan is in accordance with Internal Revenue Code Sec. 403(b). For employees meeting eligibility requirements, United Way contributes 10% of each employee's salary to a fund administered by Mutual of America. The employer contribution for the year ended June 30, 2020 and 2019 was \$47,064 and \$50,538, respectively.

#### **10. Concentration of credit risk**

United Way maintains cash balances in non-interest bearing transaction accounts at several financial institutions located in the Springfield, Missouri area. Accounts at each institution are insured by the Federal Deposit Insurance Corporation and are subject to the \$250,000 limitation. The account balances

are held in sweep accounts where funds are swept each night into accounts where funds are secured by government securities.

United Way holds cash for an affiliate organization within their Guaranty Bank accounts. The book balance of the United Way bank accounts with Guaranty Bank total \$1,229,726 and \$803,381, as of June 30, 2020 and 2019, respectively. Of this balance, \$27,287 and \$401,898 belong to an affiliate organization, Community Partnership of the Ozarks, as of June 30, 2020 and 2019, respectively.

The pledge receivable balance constitutes credit risk to the extent that donors might choose not to complete their pledge payments. However, the United Way has a consistent collection record, and appropriate allowances for uncollected pledges are maintained as described in Note 3 to the financial statements.

## **11. Leases**

On April 29, 1996, United Way entered into a lease agreement with the City of Springfield, Missouri for their current office facilities location.

The facilities were leased by United Way for a total value of one dollar for a 50-year period, ending on June 30, 2046. At the end of the lease term, United Way has an option to purchase the leased premises, which include the land and building structure, for the then appraised value of the land only.

On March 28, 2005, a portion of the premises described previously was sub-leased to Great Southern Community Development with the same expiration date of June 30, 2046. The sub-lease was for a total value of one dollar for a 41-year period.

The sub-lease will continue until terminated early by either party or terminated pursuant to the lease between City of Springfield, Missouri and United Way dated April 29, 1996. United Way has no responsibility to repair or maintain the premises during the sub-lease term.

Because the lease agreement with the City of Springfield is for a total value of one dollar, there are no future minimum lease payments. However, United Way does assume responsibility to keep, maintain, repair and operate the entirety of the leased premises, and all improvements and facilities placed thereon will be at its sole cost and expense.

United Way also leases various office equipment through the normal course of business.

## **12. Fair value of financial instruments**

Effective January 1, 2008, United Way adopted FASB Codification Topic 820, *Fair Value Measurements and Disclosures*. FASB Codification Topic 820 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements.

FASB Codification Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB Codification Topic 820 establishes a fair value hierarchy that prioritizes the inputs used in valuation techniques used to measure fair value into three levels, with Level 1 being the highest priority.

*Level 1 inputs:* Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date.

*Level 2 inputs:* Level 2 inputs are from other than market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. This includes quoted market prices of similar assets or liabilities in active markets, or quoted market prices for identical or similar assets or liabilities in markets that are not active.

*Level 3 inputs:* Level 3 inputs are unobservable and should be used to measure fair value to the extent that observable inputs are not available.

The following are major categories of assets and liabilities measured at fair value on a recurring basis during the year ended June 30, 2020 and 2019:

*Investments* - Fair values have been determined using quoted market prices.

	June 30, 2020			Carrying Amount
	Fair Value			
	Level 1	Level 2	Level 3	
<u>Financial Assets</u>				
<u>Investments</u>				
Community Foundation	\$ -	\$ 11,359	\$ -	\$ 11,359
	<u>\$ -</u>	<u>\$ 11,359</u>	<u>\$ -</u>	<u>\$ 11,359</u>

	June 30, 2019			Carrying Amount
	Fair Value			
	Level 1	Level 2	Level 3	
<u>Financial Assets</u>				
<u>Investments</u>				
Community Foundation	\$ -	\$ 123,078	\$ -	\$ 123,078
Central Trust - Equities	179,458	-	-	179,458
Central Trust - Fixed income	-	92,400	-	92,400
Central Trust - Real estate	-	-	17,408	17,408
Central Trust - Alternatives	-	35,619	-	35,619
Central Trust - Cash and equivalents	16,878	-	-	16,878
	<u>\$ 196,336</u>	<u>\$ 251,097</u>	<u>\$ 17,408</u>	<u>\$ 464,841</u>

The following is a reconciliation of the opening and closing balances for assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the period ended June 30, 2020:

	<u>Level 3</u>
Opening balance	\$ 17,408
Transfers into and out of Level 3	-
Gains or losses included in changes in net assets	-
Purchases, issues, sales, or settlements	<u>(17,408)</u>
Closing balance	<u>\$ -</u>

### 13. Liquidity and availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise of the following:

	<u>2020</u>	<u>2019</u>
		Restated
Financial assets, as of June 30:		
Cash and cash equivalents	\$ 1,203,356	\$ 403,082
Short-term investments	156,597	154,907
Pledge receivables	898,905	944,566
Long-term investments	<u>11,359</u>	<u>464,841</u>
	<u>2,270,217</u>	<u>1,967,396</u>
Less assets unavailable for general expenditure:		
Accounts payable	10,747	64,000
Accrued salaries	11,657	12,757
Net assets with donor restriction	<u>2,590,406</u>	<u>2,577,700</u>
	<u>2,612,810</u>	<u>2,654,457</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ (342,593)</u>	<u>\$ (687,061)</u>

United Way's endowment funds consist of donor-restricted endowments. Income from donor restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure.

### 14. Restatements – reclassifications

It was noted during the preparation of the financial statements that liabilities and net assets were needing to be restated to more accurately reflect the financial position of United Way.

As a result of reclassifications of a liability that United Way was not legally obligated to distribute, total liabilities decreased by \$779,289 as of June 30, 2019. The change in net assets for the period ended June 30, 2019, increased by \$779,289 as a result of the reclassification.



**15. COVID-19**

On March 11, 2020, the World Health Organization declared the global outbreak of COVID-19 a pandemic. Subsequent to that, the United States of America declared a National Emergency due to the pandemic on March 13, 2020. As a result, economic uncertainties have arisen which are likely to negatively impact net assets. At this time, United Way cannot reasonably estimate the length or severity of this pandemic.

**16. Subsequent events**

In preparing these financial statements, United Way has evaluated events and transactions for potential recognition or disclosure through November 7, 2020, the date the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

**UNITED WAY OF THE OZARKS, INC.**

**SCHEDULE OF AGENCY ALLOCATIONS**

**FOR THE YEAR ENDED JUNE 30, 2020**

<b>Agency allocations</b>	<b>Unrestricted Funds</b>	<b>Coronavirus Response</b>	<b>Total Funds Received</b>
American Red Cross of Southern Missouri	\$ 167,725	\$ -	\$ 167,725
Betty and Bobby Allison - Ozarks Counseling Center	65,770	5,912	71,682
Big Brothers/Big Sisters of the Ozarks	60,553	4,332	64,885
Boy Scouts of America, Ozark Trails Council	79,982	2,150	82,132
Boys & Girls Club of Springfield	250,958	16,900	267,858
Community Partnership of the Ozarks	86,198	19,871	106,069
Court Appointed Special Advocates (CASA)	25,561	5,928	31,489
Developmental Center of the Ozarks (DCO)	45,349	-	45,349
Girl Scouts of the Missouri Heartland	76,658	3,650	80,308
Great Circle - Boys & Girls Town of Missouri	31,344	4,700	36,044
Habitat for Humanity	14,031	-	14,031
Harmony House	48,728	9,500	58,228
Kids First	24,255	-	24,255
Lutheran Family & Children's Services	30,198	10,000	40,198
NAMI (National Alliance for Mental Illness)	29,984	-	29,984
OTC Middle College	16,630	-	16,630
Ozarks Literacy Council	22,547	2,023	24,570
Ozarks Regional YMCA	104,699	5,500	110,199
Retired and Senior Volunteer Program (RSVP)	23,605	700	24,305
The Kitchen/Rare Breed	16,183	10,500	26,683
The Salvation Army	159,991	12,500	172,491
The Victim Center	96,382	4,500	100,882
Restricted payments to partner agencies	54,235	-	54,235
<b>Total agency allocations</b>	<b><u>\$ 1,531,566</u></b>	<b><u>\$ 118,666</u></b>	<b><u>\$ 1,650,232</u></b>

See Independent Auditor's Report.

**UNITED WAY OF THE OZARKS, INC.**  
**SCHEDULE OF SPECIAL ALLOCATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

<b>United Way of the Ozarks grants</b>	
Hands on for Seniors	\$ 3,633
United Way Cancer Fund	11,522
United Way Veteran's Emergency Assistance Fund	<u>1,189</u>
<b>Total special allocations</b>	<u><u>\$ 16,344</u></u>

See Independent Auditor's Report.

**UNITED WAY OF THE OZARKS, INC.**

**HISTORICAL INFORMATION  
LOSS ON COLLECTIONS**

	<u>Fall 2018 Campaign</u>	<u>Fall 2017 Campaign</u>	<u>Fall 2016 Campaign</u>	<u>Fall 2015 Campaign</u>	<u>Fall 2014 Campaign</u>	<u>Five-year average</u>
<b>Total campaign</b>	\$ 2,526,071	\$ 2,634,120	\$ 2,819,542	\$ 2,849,147	\$ 2,996,211	\$ 2,765,018
<b>Total collections on campaign</b>	\$ 2,396,394	\$ 2,363,144	\$ 2,648,853	\$ 2,673,097	\$ 2,806,758	\$ 2,577,649
<b>Percent of campaign collected</b>	94.87%	89.71%	93.95%	93.82%	93.68%	93.22%
<b>Percent loss</b>	5.13%	10.29%	6.05%	6.18%	6.32%	6.78%
<b>Total campaign</b>	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

See Independent Auditor's Report.